

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE REQUEST BY SALT RIVER RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	
TO DEVIATE UNDER THE PROVISIONS OF)	
807 KAR 5:006, SECTION 25, FROM THE)	
REQUIREMENTS OF INITIATING A)	CASE NO. 9646
PROGRAM TO READ EACH REVENUE RE-)	
LATED METER ON ITS SYSTEM ON AN)	
ANNUAL BASIS AS STATED IN 807 KAR)	
5:006, SECTION 6(5))	

O R D E R

By application received July 18, 1986, Salt River Rural Electric Cooperative Corporation ("Salt River") requested authorization to deviate from the requirement of regulation 807 KAR 5:006, Section 6(5), which requires the utility to read its revenue related meters at least once during each calendar year. Salt River's requested deviation would allow it to use its own best judgment as to when and how often a revenue related meter should be read so long as all such meters are read at least once every 3 years.

In 1985, Salt River initiated a one time only meter reading program for all its revenue producing meters. A special expense account was established to record the lineman's time involved in the meter reading. \$26,309.85 was charged to this account and it was further estimated that an additional expense of \$8,000 to \$10,000 was incurred by office and staff personnel in

verifying readings, establishing routes and monitoring the program. Thirty-one cases of "under-billing" due to fictitious meter readings were detected which resulted in net additional billings amounting to approximately \$18,997. This meter reading program also resulted in discovering 53 cases of meter tampering and/or power theft. The 5-year average of 5.7 percent system line loss does not indicate a high rate of theft of service by the members.

During 1985, Salt River received 34 complaints about high or incorrect bills and of these 34 only 6 were referred to the Commission for investigation.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. The recently completed meter reading program by Salt River resulted in the discovery of 53 cases of tampering and/or power theft. The Commission believes this to be a significant number of customers engaging in this activity and tends to support the intent of the regulation although it recognizes that the number of this type of incidents will likely decrease in succeeding years.

2. The costs incurred by Salt River in reading all of its meters were "first time" costs and are likely to be higher than they will be in succeeding years after more experience has been acquired and increased efficiency has been attained.

3. Since this is a new regulation its actual effect upon Salt River's long term costs and operations are not known,

notwithstanding the record of the costs incurred on the one time only meter reading program; therefore it would be premature at this time to grant the requested deviation from regulations.

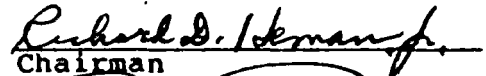
IT IS THEREFORE ORDERED that:

1. The request by Salt River for a deviation from the requirements of 807 KAR 5:006, Section 6(5), be denied without prejudice.

2. Salt River shall continue to maintain records of the costs and results obtained relating to compliance with this regulation so that if it appears to be justified, another application for a deviation may be made sometime after a year from the date of this Order.

Done at Frankfort, Kentucky, this 26th day of September, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director